

Testimony of

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On behalf of the
Oklahoma Pork Council

United States House Committee on Agriculture
Subcommittee on Conservation, Credit, Rural Development, and Research

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A. Introduction

Good morning Chairman Lucas, Ranking Member Holdern, and the members of the Subcommittee on Conservation, Credit, Rural Development and Research.

I am Joe Popplewell, a pork producer from Hennessey, OK. I currently serve in my second term as president of the Oklahoma Pork Council (OPC) and am here to testify today on behalf of OPC. I have been in the pork industry since 1992 and am currently the Operations Manager of Cell #1 for Seaboard Foods where I have responsibility over 26,000 sows and their corresponding nurseries and finishing units.

Over the last decade, America's pork producers have played a leading role in advancing animal agriculture's environmental and conservation efforts. We have sought to proactively address a myriad of environmental challenges in a cooperative and productive fashion while at the same time improving the quality of our products to ensure that we are meeting consumer demand for leaner meat. Our work on the environment has included helping develop and advocating better best management practices (BMPs) for manure containment and utilization and engaging the U.S. Environmental Protection Agency in an effort to address concerns over air emission. Pork producers have a well deserved reputation as proactive stewards of the natural environment, and we are proud of this.

Yet, despite these best efforts, pork producers nationwide remain deeply disappointed in the inability of the U.S. Department of Agriculture (USDA) Environmental Quality Incentives Program (EQIP) to adequately address the top environmental challenges facing their industry over the next few years.

To fully understand the challenges that lie ahead for pork, it is important that you also understand the difficult challenges that pork producers have overcome.

B. Pork Producers Have A Long History Of Reacting Pro-Actively

1. The Birth of a New Pork Industry

In the early and mid-1990s, pork production in this country was at the tail end of a period of intense and major changes in pork operations' size, type of production, geographic distribution, marketing, and contracting arrangements. Economics, competition, and the need to produce for and sell in a global marketplace drove these changes.

All of the changes being experienced in the hog industry in the 1990s also brought some specific new challenges regarding management, treatment, storage, and use of our animals' manure. The newness of their systems, producers' evolving familiarity and surety with how to best operate and manage them, and some really tough hurricane or tropical storm-related rainfall and flooding conditions, contributed in the mid-1990s to a handful of large and catastrophic releases of manure to water. These incidents, along with similar incidents around the country and certain court decisions involving livestock agriculture, were dramatic wake-up calls for us. Fortunately, the industry heard those calls and decided to use the best science, technology, and practical know-how available

to develop effective and realistic solutions to these challenges. As an industry, we should have seen the water quality problems of the 1990s coming, and as an industry, we know that we could have done better. We do not intend to let it happen again.

In addition to recognizing this need and making this commitment, the industry also made a major shift in policy direction. We concluded that as an industry we needed to support and actively embrace a national set of water quality regulatory standards and guidelines that were sound, science-based, practical, and effective. We knew that our primary manure management systems, whether anaerobic lagoons or slurry storage facilities, could perform to the highest levels of water quality protections, a fact that's been borne out in the last several years by the rarity of direct releases of swine manure to creeks, rivers, streams, lakes, and estuaries.

For example, here in Oklahoma we have more than 220 licensed facilities plus additional 20-30 facilities that are not required to be licensed. Yet, despite all the dire predications some in the state are making, there were a grand total of three swine related discharges in the period between July 1, 2005 and June 30, 2006¹. Nationwide, the story is similarly positive. Between July 1, 2004 and June 30, 2005 the two largest swine producing states, Iowa and North Carolina, had a total of 35 discharges from approximately 8000 swine manure treatment or storage facilities. On average, less than one-half of one percent of all these facilities had a discharge. Our producers take great pride in these kinds of accomplishments, as they should, and are understandably distressed at the calls of some to treat manure in the same manner as a hazardous waste such as PCBs or mercury. This is particularly the case when the environmental impact of the pork industry is compared to other point source dischargers like municipal waste water facilities.²

2. A National Environmental Dialogue

Back in 1997, pork producers knew that without sound national standards, we would have a hard time achieving the kind of environmental successes that we can now report. More importantly, we feared that without national standards we would end up trying to operate under an extremely variable set of local and state standards, without assurance that these standards were rooted in sound and practical science. We feared that such a regulatory system would make it impossible to sustain hog production in the U.S. The first, most visible element of our commitment was to actively support and participate in the 1997 National Environmental Dialogue on Pork Production.

At the core of pork producers' interest in the Dialogue was our conviction that if we were to embrace water quality regulations, those regulations must be as uniform as possible to support a level playing field geographically and across hog operations of all

¹ These three discharges, none of which impacted any water body within the state were of 337 gallons, 673 gallons and 1500 gallons. The cumulative impact of these events is less than the monthly waste water generated by the average American

² For example, over this same period, municipal sewage treatment facilities in North Carolina had had approximately 2000 incidents of the discharge of human sewage into North Carolina's waters.

sizes. Looking back on the Dialogue in 1999, Mr. Glen Keppy, a pork producer from Iowa, past National Pork Producers Council (NPPC) President and Dialogue participant, said:

Through better and open communication, I believe that local and federal governments, conservationists, producers, and trade organizations can help insure an environmentally enhanced and viable livestock industry. For that reason, I was a member of the National Environmental Dialogue on Pork Production. It was composed of pork producers, county and state government officials, and special interest groups. We conducted a series of 12 meetings and discussed how we could work together to develop a blueprint for a level playing field so that producers could continue to produce pork in a manner consumers and environmentalists were comfortable with. You have to include everybody when you have a dialogue. You cannot just talk among yourselves³.

The Dialogue's participants included federal officials from the U.S. Environmental Protection Agency (EPA), the U.S. Department of Agriculture, heads of regulatory agencies from six states, and five pork producers. They met for a total of 24 days over the course of 9 months to visit farms and research institutions, and to share their experiences and perspectives. Public listening sessions were held to gather information and views from concerned citizens and scientific experts.

The Dialogue was an intense and extremely difficult process for pork producers. Nothing of this scope, magnitude, and environmental and business implications had ever been attempted before in our industry. It was path-breaking work, and it was hard. Hardest of all was to sit and listen to vehement critics of the U.S. pork industry. As they voiced their concerns and issues, pork producers understood that these views were sincerely held. Producers believed just as strongly that these views were often based on fundamentally incorrect understandings of modern U.S. pork production and pork producers. Producers also knew that if they did not listen to their critics, they could not get to the core of addressing the industry's water quality issues, nor could they restore their standing within their own rural communities. Some environmental groups chose not to participate in the Dialogue, and some participated and then chose to pull out when it became clear that the Dialogue was not a forum to pursue the elimination or substantial diminishment of the modern US swine industry. In the end, in spite of challenges, the aggressive policies and provisions proposed by the Dialogue and subsequently endorsed by pork producers has served as the foundation and guiding principles for our work with communities, state and federal regulators.

3. EPA's Regulatory Regime

Today, the policies and provisions articulated in the Dialogue have their direct counterparts in the state regulatory programs that emerged in the late 1990s and in the final federal Clean Water Act (CWA) Concentrated Animal Feeding Operation (CAFO)

³ "Emerging Issues in Public Policy: Highlights of the 1999 National Public Policy Education Conference"; St. Paul, Minnesota, September 19-21, 1999; Page 25; Farm Foundation, (<http://www.farmfoundation.org/pubs/emerging/99emergingissues.pdf>).

rule that the EPA released in 2003 (the 2003 CAFO rule). The 2003 CAFO rule made the most fundamental changes in 30 years to the federal CWA program for animal agriculture. EPA estimated that more than 5,400 swine operations would be required to get a permit under the 2003 rule and that the costs to swine producers for complying with the requirements would be approximately \$348 million over 10 years⁴. A significant part of these costs came from brand new federal requirements about applying manure to land. Producers were required to develop and use a nutrient management plan (NMP) and adopt specific land application management and conservation practices. Given that the swine CAFOs likely to be subject to the new CAFO rule had a land base for manure application of more than 2.6 million acres, these regulatory requirements had enormous implications for the management of farming resources.⁵

This year, EPA is revising the 2003 CAFO rule because of a landmark federal court decision in 2005, applicable nationwide, that found key provisions of the 2003 rule to be illegal. NPPC and other agricultural and environmental groups had brought several lawsuits against EPA when the 2003 rule was issued. All of these suits were consolidated into one case before the New York based U.S. Court of Appeals for the Second Circuit (*Waterkeeper Alliance, Inc. v. EPA*). The most important aspect of the *Waterkeeper* decision is the point that NPPC argued—that the Clean Water Act National Pollution Discharge Elimination System (NPDES) program regulates the discharge of pollutants to water, but it does not regulate the potential to discharge, as EPA had proposed for CAFOs. The CWA does not require CAFOs to get NPDES permits simply based on a potential to discharge, nor could CAFOs be required to demonstrate that they did not have such a potential. Only CAFOs that are discharging could be required to get a CWA NPDES permit. The Second Circuit agreed.

NPPC's position before the Second Circuit, nor the *Waterkeeper* decision, should not be misunderstood as somehow diminishing the 2003 CAFO rule's water quality protections. This is absolutely not the case. Under the *Waterkeeper* decision, all CAFOs still **must** prevent discharges of manure to water from their animal production areas, and they **must** still adopt sound and prescribed best management practices for the application of manure to land they own or control, including all records that demonstrate this is being done. Failure to do these things potentially subjects the CAFO to civil penalties of up to \$32,500 a day and criminal enforcement action. This is especially the case if the CAFO is operating without a CWA NPDES permit. Even if swine CAFOs choose **not** to get a federal NPDES permit, they will still choose to protect water quality through the prevention of direct discharges and the adoption of sound best management practices.

We believe that the *Waterkeeper* decision has resulted in the best of all possible regulatory worlds. First, we have clear and unequivocal national water quality protection standards that **must** and can be met by our producers and that will protect water quality.

⁴ EPA estimated the annual pre-tax costs for the final CAFO rule for large and medium CAFOs to be \$34.8 million. Applicable time period assumed here is 10 years, or a total of \$348 million. See Federal Register, Volume 68, Number 29, Page 7243m, Table 8.1.

⁵ Confined Animal Production and Manure Nutrients--Noel Gollehon, Margriet Caswell, Marc Ribaud, Robert Kellogg, Charles Lander, and David Letson Agriculture Information Bulletin No. (AIB771) 40 pp, June 2001. See Table 2. (<http://www.ers.usda.gov/Publications/aib771/>)

Second, producers can decide for themselves whether they meet these standards with or without a federal NPDES permit. Many of the dead-weight costs, as they are dubbed by economists, that come with a permitting program are thereby avoided, particularly the time and expense for the agency staff and the CAFOs of developing, managing, updating and revising the paperwork – without sacrificing water quality! This was the approach NPPC and pork producers advocated coming out of the National Environmental Dialogue on Pork Production, and today we believe it is still a sound approach.

Pork producers have worked hard at this and our other environmental issues and we are proud of what we have accomplished. Like anyone else, we are somewhat embarrassed by, but also greatly appreciate, when that work is recognized, as when US Environmental Protection Agency Administrator Steve Johnson addressed NPPC's annual meeting earlier this year. Administrator Johnson said:

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I also want to compliment you on the way you have responded to your environmental challenges in general ... (and) the great work your environment committee is doing ... not only to address the issues of today, but also to meet the opportunities of tomorrow. The implementation of the CAFO rule, your efforts on advanced manure management, and your support for sound and practical regulatory requirements are but a few of the issues you are addressing. I encourage you to keep at this progressive, pro-active approach.⁶

4. Resource Conservation

Mr. Chairman, I would be remiss if I did not bring your attention to one final important note. Our nation and the agricultural community have turned their considerable skills and talents to dealing with the issue of resource conservation. As a sector, we have a long way to go, but I am highly pleased to report that pork producers are making a major contribution to energy independence nationwide and here in Oklahoma, are helping to reduce the pressures placed on valuable water resources, through the aggressive and efficient use of manure and waste effluent as a source of crop nutrients.

Throughout the country demand for manure and its nutrients far exceeds the supply. This is being driven by the high price of commercially available fertilizer, and in Oklahoma for water resources, and is a powerful incentive to recycle hog manure and effluent for other agricultural purposes. I think the value of these activities towards as an option to really help agriculture increase its foreign oil energy independence is something that needs to be considered more closely in the future.

Finally, a word about grain supplies. Oklahoma is currently a corn deficient state. Unlike many of the other top pork producing states, in Oklahoma we actually consume more grain than we produce. We have recently received word that at least three new ethanol plants are in the works within the state and their presence will further stress local

⁶ Administrator Johnson, 2006 National Pork Industry Forum, Kansas City, MO; March 3, 2006. See: <http://yosemite.epa.gov/opa/admpress.nsf/a162fa4bfc0fd2ef8525701a004f20d7/25e0a1bef216f58d8525713a00766bfffOpenDocument>

corn supplies leading to even hiring feed costs. I don't know what the ideal solution to this situation is, but trust that the members of this committee will work hard to review current programs and find free market opportunities to relieve some of the pressures on feed costs we are feeling. In matters such as this, and in land use decisions generally, we need to generally trust the free market to play itself out with a minimum of government interference.

C. EQIP Program Amendments

NPPC and its pork producer members worked hard during the 2002 Farm Bill process, along with other livestock groups, to ensure that the EQIP program was well-funded and structured so that it could help our operations. When the 2002 Farm Bill was being developed, we were alarmed by the scope and cost of some ill-advised and inappropriate water quality regulatory measures that were proposed as part of the 2001 CAFO rulemaking process. We also knew that producers needed, or were going to need, help in adopting effective air emissions reduction or mitigation practices and technology, and wanted to ensure that the EQIP program was available to do that. Our producer members and many Members of Congress believed that the amendments made to EQIP in the 2002 Farm Bill sent a very clear and strong message that EQIP assistance must be made available for that purpose.

Furthermore, NPPC supported the 2002 amendment to the EQIP program that defined Comprehensive Nutrient Management Plans (CNMP) for livestock operations and made them specifically eligible for EQIP financial assistance. The 2001 proposed CAFO rule had included a requirement that permitted CAFOs to implement a nutrient management plan (NMP). The proposed rule also made clear that a CNMP prepared to USDA Natural Resource Conservation Service (NRCS) standards would meet most, if not all, of the NMP requirements. We had hoped that the EQIP program would be able to help pork and other livestock producers get CNMPs for regulatory compliance purposes as this would be extremely helpful in protecting water quality when applying animal manure to land. This position was fully consistent with the positions taken in the National Environmental Dialogue on Pork Production, and USDA-NRCS had clearly agreed with this view in the late 1990s. When the previous Administration issued its Clean Water Action Plan and the Unified AFO Strategy, the promotion and adoption of CNMPs by animal feeding operations of all sizes was the centerpiece of those plans with regard to agriculture and water quality.

When the 2003 CAFO rule was issued, some of the most ill-advised manure management technology requirements were removed because the EPA found them to be unsupported by the data when judged by the standards set under the Clean Water Act's effluent limitations guidelines. Even so, pork producers were expecting to face critical challenges to ensure that they had the equipment and capability to apply manure to great amounts of farmland to meet the rule's agronomic balancing of phosphorous requirements, to apply their manure at lower and more precise rates, and possibly to upgrade their manure storage facilities in certain instances to properly and completely support the new land application requirements. It was NPPC's assumption that pork producers needing financial assistance to adopt these technologies and practices would be able to get that through the EQIP program.

1. EQIP Implementation Results

Overall, despite the amendments made to the EQIP program discussed above and pork producers' active participation in several states with State Technical Committees and the related EQIP program development processes, the Program has failed to provide much more than a minimal contribution to pork producers environmental efforts. We first detected these trends in the data for the 2003 program year and did a thorough review of several hog producing states' EQIP programs to determine the source of the problems. We found no single factor responsible for this, but rather multiple impediments and program features that collectively lead to the EQIP program not working for pork producers.

In 2004, these findings and concerns were presented to NRCS Chief Bruce Knight and his staff along with a set of recommendations that pork producers believed could help correct this situation. It was encouraging when NRCS headquarters, under the Chief's leadership, developed a set of action items in response to our concerns and transmitted these to the NRCS State Conservationists. There were responses in states as well, where they moved to the use of a state pool of funds, created more incentives for CNMPs, and created additional opportunities for pork producers to engage with NRCS. In the end, unfortunately, allocations did not change substantially, as shown by the following data. I will discuss the data and then turn to some of the reasons we believe that this disappointing outcome persists.

Using NRCS data and our own estimates, we calculate that approximately \$1.98 billion in cost share assistance has been provided by the EQIP program to both crop and livestock producers between 2003 and 2005. Of this amount, approximately \$1.26 billion or about 63% of the total was provided to livestock producers. This percentage is consistent with the 2002 Farm Bill's amendment requiring EQIP to provide at least 60% of its funds to livestock and poultry. As we discovered in 2004, looking back at the 2003 program year, pork producers received about 3% of the cost share assistance provided to all livestock producers that year, less than the share provided to goat, emu, ostrich, elk, bison etc. producers (the "other" category). Despite our work and that of NRCS headquarters referred to above to address this issue in 2004, essentially the same result occurred in both the 2004 and 2005 program years.

These numbers and percentages for swine improve when you focus in on major swine producing states, although the results are still relatively disappointing. For example, in the 2004 program year in eight states that account for 80% of US pork production (Iowa, North Carolina, Minnesota, Indiana, Illinois, Missouri, Nebraska and Oklahoma) pork producers received approximately 5% of all EQIP cost share assistance funds, and of the EQIP funds that went just to livestock that year, swine's share was 9%. An improvement, yes, relative to the national figure of 3%, but this strikes us still as a significant under-investment in the environmental practices of pork producers under the EQIP program.

In particular, here in the state of Oklahoma, we produced 6,627,000 hogs in 2004, or about five percent of the nationwide total. The EQIP investment in Oklahoma over the period of 2003 through 2005 however continues to lag behind other states and other agricultural sectors. While EQIP funding for livestock in Oklahoma more than doubled, from \$9.4 million in 2003 to \$19.1 million in 2005, EQIP contracts for swine related operations here in Oklahoma during that time were a mere \$553,351, or just .03% of total EQIP funding nationwide. Furthermore, for confined swine operations, EQIP contributions totaled ONLY \$1,083 over that same three year period.

| Total Funds Obligated by Fiscal Year | | | | |
|--|--------------|--------------|--------------|--------------|
| Oklahoma EQIP Dollars Obligated | | | | |
| | FY 2003 | FY 2004 | FY 2005 | Total |
| Confined Sheep | \$376 | \$0 | \$1,446 | \$1,822 |
| Confined Beef | \$969,405 | \$1,651,117 | \$1,816,258 | \$4,436,780 |
| Confined Dairy | \$58,295 | \$325,136 | \$290,981 | \$674,412 |
| Confined Poultry | \$264,919 | \$663,990 | \$1,284,581 | \$2,213,490 |
| Confined Swine | \$600 | \$375 | \$108 | \$1,083 |
| Confined "Other" | \$13,014 | \$5,335 | \$4,996 | \$23,345 |
| Confined livestock EQIP totals | \$1,306,609 | \$2,645,953 | \$3,398,370 | \$7,350,932 |
| All Sheep | \$15,929 | \$5,544 | \$40,532 | \$62,005 |
| All Beef | \$8,725,558 | \$16,232,549 | \$16,962,977 | \$41,921,084 |
| All Dairy | \$136,881 | \$459,941 | \$390,903 | \$987,725 |
| All Poultry | \$279,616 | \$725,510 | \$1,427,346 | \$2,432,472 |
| All Swine | \$188,626 | \$138,101 | \$226,624 | \$553,351 |
| All Other | \$132,832 | \$117,616 | \$87,342 | \$337,790 |
| All Livestock | \$9,479,442 | \$17,679,261 | \$19,135,724 | \$46,294,427 |
| All non-livestock EQIP | \$1,856,033 | \$3,103,306 | \$4,556,408 | \$9,515,747 |
| All EQIP cost-share | \$11,335,475 | \$20,782,567 | \$23,692,132 | \$55,810,174 |

2. Preliminary Assessment Of Results

Over the last few months, NPPC has commissioned a comprehensive review of the EQIP programs performance regarding swine operations. In addition, in recent weeks, NPPC has also engaged with senior USDA and NRCS staff in discussions with pork producers around the country to improve funding levels under EQIP.

These efforts have led us to the following conclusions:

- a. Pork producers' EQIP applications appear not to be ranking well because they have already invested in the core elements of a sound manure management systems

Pork producers' strong commitment to proactive environmental leadership has

lead to the industry adopting state of the art manure and water quality management practices. These management practices, along with strong state regulatory and permitting programs focused on pork producers, means that most pork producers have already adopted state of the art manure treatment or storage facilities and nutrient management plans.

As a result of this leadership, when ranked in the EQIP process and compared to other animal feeding operations' systems, pork applications may not provide as much new improvements since those basic elements of a manure system are needed by the other operations. This may be particularly true in some states where pork producers may only need - and only apply for - a single element of a manure management system, while other applicants are looking for a complete system, with the attendant increase in their ranking score. While this appears reasonable to consider among applications involving confined animals, it seems less relevant when pork applications might be ranked against those for cow-calf grass operations – a category of recipient that receives far more EQIP funding assistance than other species and categories. In general, pork producers cannot but help to react to this situation with disappointment as they are penalized for having been environmental pioneers over the previous decade.

Furthermore, this situation is further exacerbated by the fact that NRCS is predisposed to thinking that the best EQIP application is composed of a set of practices that represents a “Resource Management System” for the applying farm. NRCS is right when it seeks to help producers to see their operations as an entire system and to treat their farms resource needs and issues as a whole. But this approach and perspective becomes a problem if NRCS can only see a farm that has such a system when it has been devised and implemented with NRCS assistance. Pork producers who have already adopted a system of manure treatment or containment linked to a sound and appropriate manure use program on the farm have a whole farm system for manure management. EQIP could be used to excellent environmental purpose if it can help these producers acquire one, two or a few pieces of equipment, or new techniques, or make a single fundamental change to this pre-existent system and allow it to reach a far higher level of performance. But a pork producer applying in EQIP for only one or two or a few practices does not appear to NRCS as having a system of practices or applying for a system of practices – and the producer's EQIP application is ranked poorly as a result.

To deal with all of these issues NPPC is supporting NRCS's current consideration of the establishment of a list of single EQIP practices and their rate of reimbursement that would be available to producers in every county office. These practices would need to be of undeniable and obvious environmental benefit. Farmers applying for these practices would not have these applications submitted to further ranking and should be immediately approved and executed.

There is one additional program change that some states have made that appears to us to give pork producers a more fair chance of competing for EQIP assistance,

even where the producers have made past investment in their manure management systems. This is the policy of establishing a state level pool of EQIP funds set aside for the express purpose of assisting producers with animal feeding operations, which by definition means the animals are confined. We think the data indicates that where this has been pork producers fare better. This is because pork producers' EQIP applications would be ranked alongside that of other confined operations whose type of practices are more analogous to what pork producers might be needing. NPPC is beginning to consider whether such a pool needs to be established at the national level and in every state where pork producers operate.

b. EQIP cost share assistance isn't generally available for mobile equipment

One of pork producers' greatest needs is for new, expanded, and more precise manure utilization equipment to aid efforts to apply their manure to more crop acres, and much of this equipment is mobile. For example, one of the most pressing needs is for the availability of mobile equipment to assist in agitation, removal, and land application of manure from lagoons. In Oklahoma, this problem is exacerbated by the fact that most producers only need to remove solids from their lagoons once every 10-12 years and it doesn't make economic sense for a single producer to purchase the agitator, the pumping system and the equipment needed for land application for a job they will only do once every 10 years. If it were possible for a group of producers in Southeastern Oklahoma, for example, to share a set of equipment to accomplish this goal, that would be a tremendous step forward.

However, USDA conservation programs generally prohibit cost share funding for equipment that is highly mobile due to a concern that it might not be used exclusively by the cost share recipient and that its use is too hard for NRCS to monitor. As a result, some states are now exploring whether a 3-year incentive payment can be used to assist in this area, but this idea has been only slowly developed in a limited number of states, remains a poorly understood concept in the NRCS field offices of those states working on it, and simply doesn't address the precise problems we have in Oklahoma where equipment is needed on a larger, community basis.

c. Where EQIP funds are allocated to counties for final application approvals, the monies available have proven inadequate to cover more than a one or two modest sized EQIP contracts

While many states made EQIP funding decisions for animal feeding operations out of a state wide pool of funds, several also give their counties the authority and funds to make these decisions at the local level. However, in these cases the amount of EQIP funds allocated to a county is often insufficient to fund more than one or two manure management or utilization contracts. Pork producers, seeing this, rarely submit applications in such circumstances as the cost of preparing an application is significant and they are all but guaranteed to be denied.

- d. NRCS's commitment to promoting the use of CNMPs is not yet adequately reflected in the EQIP program in many states

As stated earlier in this testimony, over the last several years NRCS has made a major commitment to supporting the development of Comprehensive Nutrient Management Plans (CNMPs) by animal producers. However, in several concrete and practical ways this commitment has not been well integrated into all EQIP programs. Several states still do not offer an EQIP incentive payment for CNMPs, relying instead on producers being able to assemble the parts of a CNMP on their own in an EQIP application. This is particularly striking since Congress explicitly amended EQIP in 2002 to make a CNMP a practice eligible for financial assistance. Other states offer an EQIP incentive payment designed to pay producers a share of the total costs, but they offer it at a level that represents maybe 10 to 20% of the cost of a CNMP that contains all of the required elements. Still, others offer sound CNMP incentive payments under EQIP but do not have the agency staff available to do these CNMPs and have failed to support producers that are more than willing to turn to private sector technical service providers (TSPs) to do this work.

- e. Insufficient EQIP funds have been made available to support farmers' use of technical service providers (TSPs) to acquire CNMPs

Nationwide in 2005, less than \$3 million was made available from EQIP funds to support the use of TSPs with livestock producers. For example, several hundred pork producers were given EQIP contracts in a major hog producing state in 2004 for the specific purpose of developing a CNMP, but only enough EQIP funds were available to support the TSP development of CNMPs for three plans. We still don't know how much of these funds went to CNMPs that met the applicable NRCS standards, but anecdotal evidence indicates that more of these funds are being used to do engineering design and support for implementation, and less for CNMP planning work.

In Oklahoma, OPC is working closely with EPA Region 6 on a new NPDES permit for CAFO's. The biggest challenge for most of our producers is the development of new Nutrient Management Plans that will meet EPA standards. In addition to the CAFO facilities that are regulated by the NPDES program, we have a significant number of smaller AFO that we are encouraging to apply or – at a minimum – to update their NMPs. We are recommending to EPA that they accept the CNMP's currently prepared by NRCS as meeting the requirements of this new permit. However, even if EPA will accept the CNMP's, we have approximately 250 swine CAFO's and AFO's in the state who will need assistance in developing these management plans. With an EPA proposed deadline of July 2007 for completion of all these plans, we are looking at a very steep hill to climb and no guaranteed funding.

- f. There can be a tremendously long lag time between adoption of new NRCS policies and the implementation of those policies in the field

Even when pork producers are successful in working at the state level with NRCS, such as through the State Technical Committee process, to get a major program improvement, the improvements are not automatically reflected in the practices and approaches used by field people working with EQIP applicants. In one major hog producing state, pork producers successfully established with NRCS a workable incentive payment rate and practice for advanced manure utilization on a modest amount of acres per farm – only to find that local staff did not yet understand the practice or how it could be included in an EQIP application, and were generally unable to work with producers to apply for this assistance. This may or may not be corrected by the next program year, and it often times takes several iterations back and forth between the state office and the field office to get these changes right. In the meantime, producers get lost in the confusion and in frustration can turn away from EQIP.

- g. NRCS field and area personnel often have insufficient understanding of today's pork operations to work effectively with pork producers – or they simply lack the time to do so—The changes in pork production and manure management systems have been so great and rapid over the last 15 years, and the historical working relationship between NRCS field staff and the newer generation of pork operations so limited, that producers consistently find the NRCS field staff have an inadequate understanding of their operations to really be able to help them do a successful EQIP application. Many of these field staff certainly have the ability to pick this up, but they lack the time to do so, and perhaps as the result of that or also because of other pressures, lack the inclination to invest themselves in what needs to be learned.

NPPC and many of its state affiliates have begun to engage with NRCS on this issue. We are contemplating a mutual education effort where NRCS field, area and state office staff could come to hog operations for a few days and learn about how we manage our manure, the ways in which we are protecting the environment and conserving resources, and to simply learn more about what we do. Pork producers would then, in turn, spend time in the offices of our NRCS counterparts and learn about their jobs and how they make programs like EQIP work. We believe that such an educational exchange could provide real value to us both.

- h. There is a lack of effective and economical air emissions mitigation technologies and practices that EQIP can support—Many pork producers are actively looking to adopt practical, effective measures to reduce their emissions to the atmosphere of particulate matter and other aerosolized substances from manure and animals. They are also actively looking to adopt practices that reduce the odors of their hog facilities. In several states, EQIP does make incentive payment and cost share payments for some of the technologies that are currently in place – but ultimately many of these technologies are so expensive that even at a 75% cost share rate they are not economical, let alone at the 50% rate that is prevalent today in EQIP. EQIP is clearly not the source of this problem, and simply points the way towards the need for even greater levels of research and development in this area,

something the pork industry has long heavily supported, financially and otherwise.

D. Conclusion

Mr. Chairman and members of this committee, as you begin crafting the 2007 Farm Bill, please keep in mind that pork producers continue to proactively seek out resolution of these funding imbalances. As I mentioned earlier, we have begun a detailed dialogue with senior Washington NRCS officials as well as state level NRCS staff to overcome the hurdles I have discussed today. Much of it can, and will, be accomplished through increased education and communication amongst both pork producers and NRCS. However, many barriers will continue to remain and we welcome your assistance in correcting this imbalance and urge your support for the use of EQIP funds for specific on-farm practices that have a clear environmental benefit, such as development of comprehensive nutrient management plans and the use of technical service providers they require; odor and emissions reduction practices; and manure storage, transfer and field application technologies.

On behalf of the OPC and the many pork producers we represent, thank you for holding this hearing and allowing us to share our thoughts. We respectfully request your continued and focused attention on crafting effective solutions to the environmental challenges we have brought to you today.